

ANNUAL REPORT TO STOCKHOLDERS



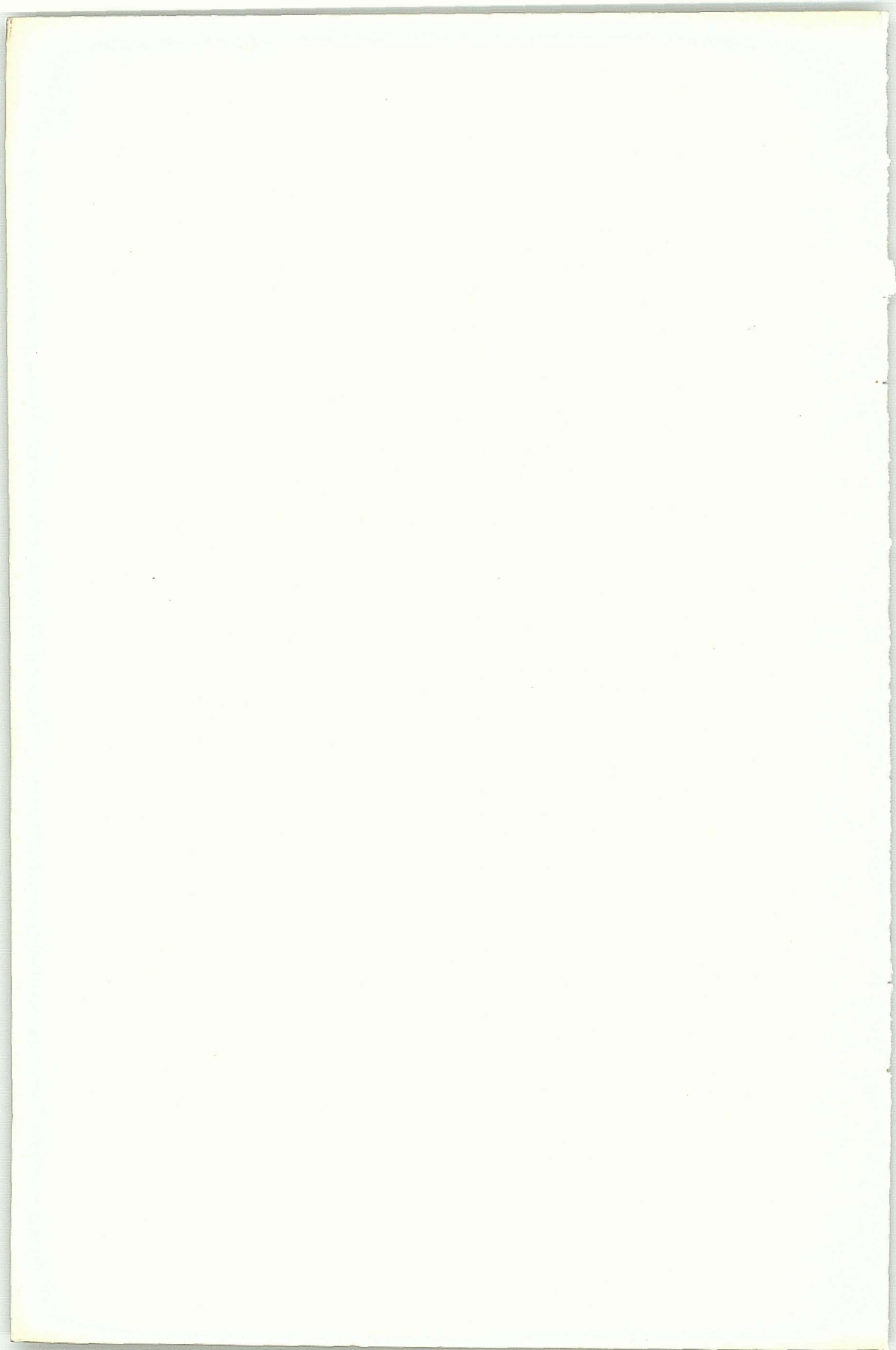
1946

THE COCA-COLA COMPANY
WILMINGTON, DELAWARE

BOARDS

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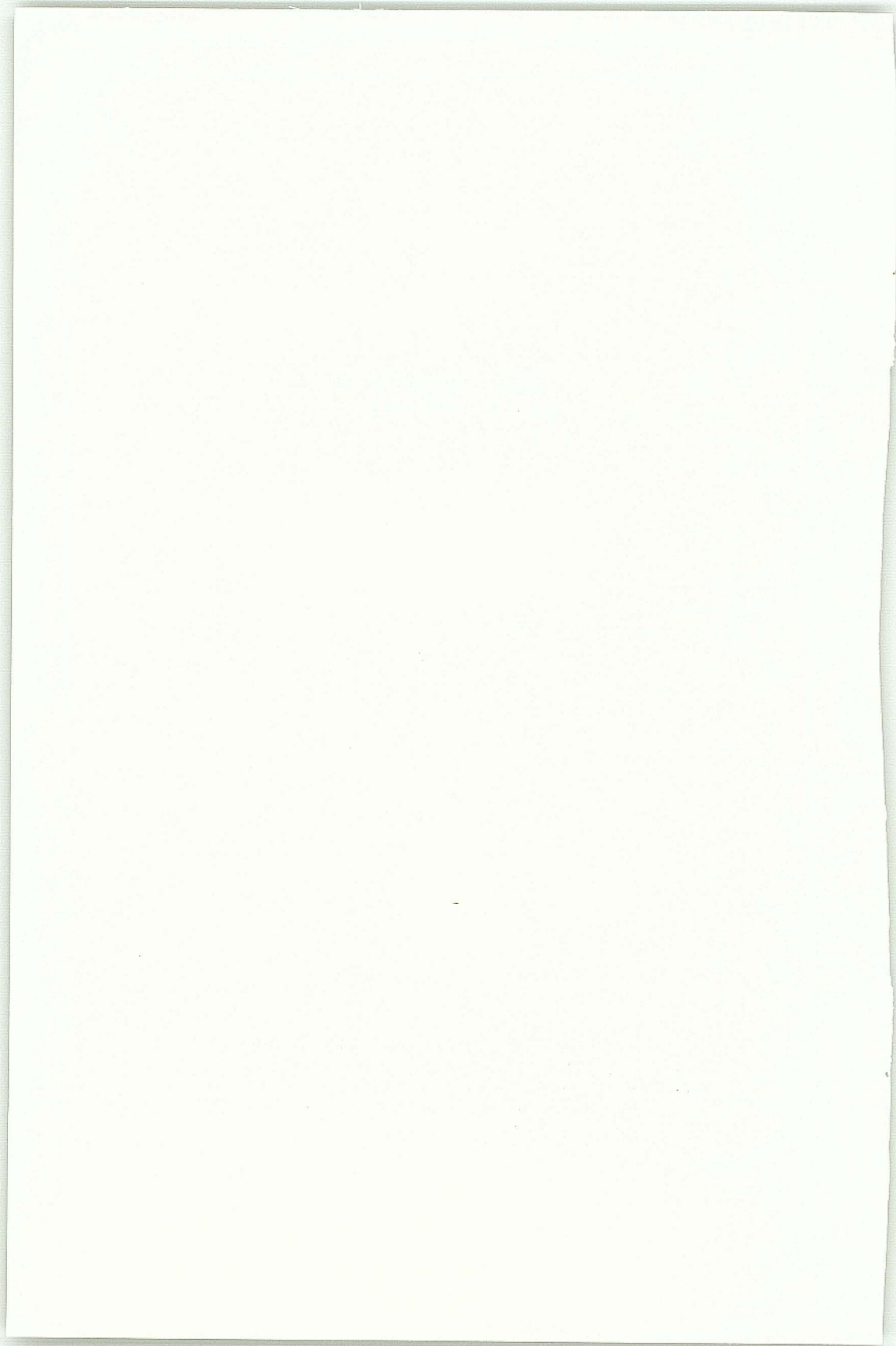
ANNUAL REPORT

THE COCA-COLA COMPANY
AND ITS SUBSIDIARIES



FOR THE YEAR
1946

The annual meeting of the stockholders will be held on Monday, May 5, 1947. A formal notice of this meeting, together with proxy and proxy statement, will be mailed to each common stockholder on or about April 10, 1947, at which time proxies will be solicited by the management.



THE COCA-COLA COMPANY

WILMINGTON, DELAWARE

TO THE STOCKHOLDERS OF THE COCA-COLA COMPANY

The consolidated balance sheet and statement of operations for 1946 are submitted herewith. After taxes, Class "A" dividends, reserves and all charges, net earnings applicable to common stock were \$23,569,979.

Inventories, necessarily depleted by war-time shortages, were moderately strengthened; however, an undersupply of some equipment and materials continues. While the per capita amount of sugar available in the United States in 1946 was the lowest in many years, announcements already made by the allocating agencies indicate a gradual improvement in the supply of this essential ingredient.

The demand and enthusiasm for Coca-Cola shown by our Armed Forces throughout the world during the war and in the occupation zones at present and the work of our entire organization in surmounting many difficult problems of production and supply in furnishing the Armed Forces have been gratifying. Sales to civilian consumers outside the United States, depending upon availability of materials in those areas, are showing an appreciable and increasing return to the Company.

There are many indications that the public's response to the maintenance of quality throughout the period of restrictions and the effort on the part of the Bottlers of Coca-Cola generally to prevent an increase in the historic 5¢ consumer price at retail outlets will have most satisfying and encouraging results in the post-war market.

Respectfully submitted,

WILLIAM J. HOBBS,
President,

HARRISON JONES,
Chairman, Board of Directors.

CONSOLIDATED
THE COCA-COLA COMPANY AND I
December

ASSETS

CURRENT:

Cash on deposit and on call	\$33,740,120.16	
Government securities—at cost:		
United States and Canadian—(Mar-		
ket value \$27,228,199.59)	27,185,016.93	
Accounts receivable—trade (less reserve		
of \$40,835.53)	6,288,830.04	
Inventory—Merchandise (Priced at		
lower of cost or market)	<u>22,302,865.58</u>	\$ 89,516,832.71

INVESTMENTS IN AND ADVANCES TO FOREIGN

SUBSIDIARIES NOT CONSOLIDATED—NET		1,843,449.96
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OTHER INVESTMENTS AND OTHER ASSETS:

Other security investments—at cost		
(Market value \$1,079,025.00) . . . \$	490,916.38	
Other receivables and miscellaneous . . .	<u>3,234,208.62</u>	3,725,125.00

PROPERTY, PLANT AND EQUIPMENT—At cost:

Land	\$ 3,286,780.07	
Buildings	19,489,535.06	
Machinery and equipment	19,954,883.07	
Containers	<u>9,024,385.26</u>	
	\$51,755,583.46	
Less reserve for depreciation	<u>17,893,684.35</u>	33,861,899.11

FORMULAE, TRADE-MARK AND GOODWILL—

At cost		37,268,323.96
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DEFERRED CHARGES		1,781,029.87
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\$167,996,660.61

NOTE A—Assets of subsidiaries and branches located in foreign countries consolidated in this balance sheet consist of net current \$13,608,352.30, property, plant and equipment at depreciated cost, \$4,589,625.83, and other assets, \$680,420.53. Fixed assets are stated at rates of exchange prevailing at dates of acquisition, and net current and all other assets at rates of exchange prevailing at December 31, 1946. Earned surplus includes \$14,631,823.99 accumulated earnings of such subsidiaries and branches consolidated herein.

BALANCE SHEET

TS CONSOLIDATED SUBSIDIARIES

31, 1946

LIABILITIES

CURRENT:

Accounts payable			\$ 10,994,356.12
Accrued expenses			111,439.02
Accrued taxes—including taxes on income	\$ 17,998,604.33		
Less: U. S. Treasury tax notes	\$7,975,416.03		
Adjustment for unused excess profits credit	<u>2,240,000.00</u>	<u>10,215,416.03</u>	<u>7,783,188.30</u>
			\$ 18,888,983.44

RESERVE:

For contingencies and miscellaneous operations			25,547,665.99
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MINORITY INTERESTS IN SUBSIDIARIES .			1,999,015.98
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CAPITAL STOCK:

Class "A"—No par value:			
\$3.00 preference dividend cumulative, callable at \$52.50 per share			
Authorized and originally issued	1,000,000 shares		
Less retired	<u>400,000 shares</u>		
Outstanding	600,000 shares	\$ 3,000,000.00	

Common—No par value:			
Authorized	5,000,000 shares		
Issued and outstanding	4,113,665 shares	<u>25,710,406.25</u>	
		\$ 28,710,406.25	

CAPITAL SURPLUS—Note B		3,715,500.66	
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EARNED SURPLUS		<u>89,451,363.29</u>	
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\$121,877,270.20

Less 4,800 shares of common stock owned by Company—At cost	<u>316,275.00</u>	<u>121,560,995.20</u>	
		<u>\$167,996,660.61</u>	

NOTE B—The item of Capital Surplus was increased \$279,216.77 during the year as a result of the sale of capital stock of four subsidiaries.

CONSOLIDATED PROFIT AND LOSS STATEMENT
THE COCA-COLA COMPANY AND ITS CONSOLIDATED SUBSIDIARIES
Year Ended December 31, 1946

GROSS PROFIT		\$76,229,343.41
EXPENSES		
Selling, administrative and general		<u>38,049,197.47</u>
OPERATING PROFIT		\$38,180,145.94
Other income	\$ 2,410,052.54	
Less other deductions	<u>2,292,844.57</u>	<u>117,207.97</u>
PROFIT BEFORE TAXES ON INCOME		\$38,297,353.91
Provision for taxes on income—estimated:		
Federal, state, and foreign income taxes	\$16,245,000.00	
Less adjustment for unused excess profits credit and other adjustments	<u>3,561,000.00</u>	<u>12,684,000.00</u>
PROFIT AFTER TAXES		\$25,613,353.91
Less portion of subsidiary earnings applicable to minority interests		<u>243,374.07</u>
NET PROFIT		<u>\$25,369,979.84</u>

NOTE A—Provision for depreciation of \$2,129,457.54 was charged to manufacturing and other expenses. Other deductions include interest paid \$48,511.77, and \$1,250,000.00 for additions to the reserve for contingencies and miscellaneous operations. Canadian exchange credit adjustment of \$1,345,864.42 also was credited to the reserve.

NOTE B—Net earnings of those subsidiaries and branches located in foreign countries which are consolidated herein, together with increases in investments, were \$1,373,149.49 in excess of dividends received therefrom.

CONSOLIDATED EARNED SURPLUS ACCOUNT

Balance—December 31, 1945	\$ 82,316,843.45
Net profit for the year ended December 31, 1946	<u>25,369,979.84</u>
	\$107,686,823.29

DEDUCTIONS

Dividends paid in cash:

CLASS "A":

June 29, 1946—\$1.50 per share	\$ 900,000.00	
Dec. 14, 1946—\$1.50 per share	<u>900,000.00</u>	\$ 1,800,000.00

COMMON:

Mar. 30, 1946—\$.75 per share	\$ 3,085,248.75
June 29, 1946—\$.75 per share	3,085,248.75
Sept. 30, 1946—\$.75 per share	3,085,248.75
Dec. 14, 1946—\$.75 per share	
plus \$1.00 per share extra . . .	<u>7,198,913.75</u>
	\$16,454,660.00

Less dividends on 4,800 shares of
common stock owned by Company
during year

	<u>19,200.00</u>	<u>16,435,460.00</u>
TOTAL DIVIDENDS PAID		18,235,460.00
EARNED SURPLUS—DECEMBER 31, 1946		<u>\$ 89,451,363.29</u>

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

TO THE BOARD OF DIRECTORS
THE COCA-COLA COMPANY
Wilmington, Delaware

We have examined the consolidated balance sheet of THE COCA-COLA COMPANY and its consolidated subsidiaries as of December 31, 1946, and the related consolidated statements of profit and loss and surplus for the year then ended, have reviewed the systems of internal control and the accounting procedures of the Company and its domestic subsidiaries and, without making a detailed audit of the transactions, have examined or tested accounting records of these companies and other supporting evidence by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Statements of foreign subsidiaries consolidated herein were furnished us as certified by other independent auditors. Subsidiaries in foreign countries other than in the Western Hemisphere have been excluded from the consolidated financial statements and are stated in the balance sheet in the amount of the investments in and advances to such subsidiaries less net losses absorbed in prior years.

In our opinion, based upon our examination, and the statements of foreign subsidiaries consolidated, above referred to, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of THE COCA-COLA COMPANY and its consolidated subsidiaries at December 31, 1946, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST

February 26, 1947.

THE COCA-COLA COMPANY

BOARD OF DIRECTORS

HARRISON JONES, *Chairman*

A. A. ACKLIN	MRS. L. P. EVANS	WINSHIP NUNNALLY
W. C. BRADLEY	EDWARD FINLAY (deceased)	E. W. STETSON
C. H. CANDLER	BERNARD F. GIMBEL	D. A. TURNER
W. C. D'ARCY	J. N. GODDARD	C. A. WICKERSHAM
R. R. DEUPREE	WILLIAM J. HOBBS	GEO. W. WOODRUFF
S. C. DOBBS	J. P. ILLGES	R. W. WOODRUFF

EXECUTIVE COMMITTEE

R. W. WOODRUFF, *Chairman*

C. H. CANDLER	J. N. GODDARD	C. A. WICKERSHAM
W. C. D'ARCY	E. W. STETSON	GEO. W. WOODRUFF
	D. A. TURNER	

A. A. ACKLIN, *Chairman Advisory Committee*

OFFICERS

WILLIAM J. HOBBS	<i>President</i>
W. N. COCHRAN	<i>Vice-President</i>
FELIX W. COSTE	<i>Vice-President</i>
EDGAR J. FORIO	<i>Vice-President</i>
R. C. FOWLER	<i>Vice-President</i>
B. NEAL HARRIS	<i>Vice-President</i>
RALPH HAYES	<i>Vice-President</i>
W. P. HEATH	<i>Vice-President</i>
H. B. NICHOLSON	<i>Vice-President</i>
B. H. OEHLERT, JR.	<i>Vice-President</i>
HAROLD S. SHARP	<i>Vice-President</i>
AL N. STEELE	<i>Vice-President</i>
HOMER B. THOMPSON	<i>Vice President</i>
T. CARL THOMPSON	<i>Vice-President</i>
S. F. BOYKIN	<i>Vice President and Treasurer</i>
GEORGE T. ADAMS	<i>Vice-President and Secretary (deceased)</i>

COUNSEL

POPE F. BROCK

TRANSFER AGENTS

WILMINGTON TRUST COMPANY <i>Wilmington, Delaware</i>
GUARANTY TRUST COMPANY OF NEW YORK <i>New York, N. Y.</i>

REGISTRARS

EQUITABLE TRUST COMPANY <i>Wilmington, Delaware</i>
CHASE NATIONAL BANK <i>New York, N. Y.</i>

